



# OFFICE OF THE CLERK/TREASURER

## City of Burlington

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### BOARD OF FINANCE MONDAY, MAY 4, 2011 CONFERENCE ROOM 12, CITY HALL 6:00 P.M.

Present: Mayor Kiss, President Keogh, Councilor Paul, Councilor Mulvaney-Stanak;  
Absent: Councilor Wright  
Also Present: CAO Leopold, ACAO Schrader, ACAO Goodwin, Councilor Bushor, Bob McEwing, Interim Airport Director, Pat Buteau, Department of Public Works, Steve Goodkind, Department of Public Works Director, Lori Adams, Department of Public Works.

#### 1. Agenda

The Mayor asked that item #4 be postponed as Mari Steinbach could not be here. There being no further amendments to the agenda, the agenda was approved as amended.

#### 2. Funding of Sandbags:

CAO Leopold informed the Board that he had authorized Fire Chief Lasker to purchase 10,000 sand bags to assist City Departments and City residents in combating flooding along Lake Champlain and the Winooski River. He indicated that more expenses may occur as a result of the flooding, that a separate accounting will be made and that federal reimbursement for these costs may be possible. CAO Leopold stated he will keep the Board apprised of the City's costs as the City's response progresses.

#### 3. Pooled Cash Report

CAO Leopold presented the Pooled Cash report for the third quarter of the fiscal year, which included April. He stated there were no notable changes except for a \$170,000 increase in the amount owed from the Connector project due to untimely reimbursements from the State and an increase in amounts owed for the College Street Circle Project, again due to outstanding requests for reimbursements. Other than that, Telecom was in a positive position to the tune of \$533,000.

Councilor Paul stated the reason she had requested this report was to analyze trends, referring to the nature of balances for the Schools and Airport and their impact on the bottom line. CAO Leopold stated the fluctuation for Schools was due to State revenue receipts, property tax receipts and minimal operations in the summer. He noted the difference in the Airport was due to financing the parking garage capital project. He indicated this is differentiated from the clearing account for normal operating cash requirements listed at the end of the report. At the request of Councilor Paul, CAO Leopold explained that the Moran Capital listing is reimbursement-driven, similar to other grant and capital projects.

President Keogh made a motion, seconded by Councilor Paul to accept the report. The motion passed unanimously.

#### **4. Parks: Parking and Gate Fee Increases**

Postponed.

#### **5. Airport: Fixed Base Operator Amended Contract**

Bob McEwing addressed the Board with a request to amend the lease for the Heritage fixed base operator at the Airport. He stated the lease amendment is designed to reflect accurate property descriptions of the structures occupied by Heritage. Mr. McEwing explained the amendment was necessary to allow Heritage to seek financing for improvements that are being contemplated by the company. CAO Leopold explained that the changes were not substantive but were being done to reflect actual property boundaries with the lease document. President Keogh moved, seconded by Councilor Paul, to approve the amendment and recommend approval to the City Council subject to the inclusion of the plot maps as referenced attachments. The motion passed unanimously.

#### **6. DPW Budget Review:**

##### **a. Water Division:**

CAO Leopold presented an overview of the financial condition of the Water Division's fund specifically as it related to the capital improvements necessary and the rates necessary to pay for the operations and capital. CAO Leopold stated that the indebtedness and depreciation are causing a cash flow problem despite increases to the fund's overall financial performance of approximately \$200,000. CAO Leopold suggested that the Board could potentially increase water rates to improve the fund's cash position, but stated he is still looking at the issue and was not in the position to recommend any action. In response to inquiry, Ms. Adams stated there was a capital improvement plan in place. Mr. Goodkind informed the Board that the priorities of the division outlined in the Capital Plan are focused on replacing undersized pipes and aging valves.

##### **b. Wastewater Division:**

CAO Leopold stated that the Division needs to increase revenue by 30% over the next three years to cover the \$14 million bond refinancing due in 2014. Complicating this was the \$4 million refinancing that the City is carrying to repay the \$2 million matching loan provided by the State that the City was required to acquire in December. He stated this bond had been authorized as a revenue bond instead of a General Obligation supported revenue bond. This ultimately cost the City more in debt service interest and placed a greater emphasis on revenue derived from rates.

CAO Leopold recommended that if the City did not receive voter authorization for the preferred General Obligation supported revenue bond, that the City wait and issue a combined \$18 million

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revenue bond in 2013. CAO Leopold stated that he did not believe that the City had much choice but to authorize an increase of rates by 10%. On a combined bill this would equate to an overall increase of 6%. DPW provided an analysis of combined water/wastewater charges if the 10% increase were approved.

Mr. Goodkind presented both divisions' budgetary changes from the current fiscal year. He stated that the only change on note is the reflection of scheduling changes for operators to twelve hours to eliminate double shifting that will cost more due to an increase of one operator position, but would be a big improvement over the current practice.

**c. Stormwater Management:**

Mr. Goodkind indicated there were no substantive changes to the Division budget and fees that were anticipated with the established rates had been realized. The only uncertainty revolved around whether the City had identified all impervious areas.

**d. Traffic Division:**

Mr. Goodkind stated there was no rate increase proposed this year even though they are projecting a small operational loss. It was anticipated the loss would be covered by a fund balance within the fund. Otherwise there were no changes being contemplated.

In response to inquiry, Mr. Goodkind indicated that the budget contemplates continuing operations at the Airport, with no impact from the Moran project. CAO Leopold agreed that the estimated operating deficit of \$90,000 does not warrant a fee increase but cautioned that this should be carefully monitored during the year to see if mid-year adjustments need to be made.

In response to inquiry, CAO Leopold explained the difference in revenue stated for the Airport parking garage is a product of an increase of 600 new spaces from the garage addition, plus a recovery of the spaces that were unavailable during the construction of the addition. He stated this was a product of use and with enplanements at the airport being flat, actual revenue versus estimates need to be monitored.

**7. Revised meeting schedule:**

Councilor Paul stated that the next two Wednesday meetings present a problem for her but she could call in. She suggested that meetings could be moved to Thursdays. The Board agreed to change the May 11 meeting to 5:00 p.m to 6:30 p.m.

Councilor Paul moved, seconded by Councilor Mulvaney- Stanak, to adjourn. The meeting was adjourned at 7:42 p.m.

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